

Senate Study Bill 1239 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON SMITH)

A BILL FOR

1 An Act relating to the auditor of state and including effective
2 date and applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.31, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 01. The auditor of state shall adopt rules
4 establishing divisions within the office of auditor of state.
5 For each division within the office of auditor of state that
6 is responsible for performing attest services as described in
7 section 542.3, the auditor of state shall appoint a certified
8 public accountant to serve as deputy auditor of that division.

9 Sec. 2. Section 542.7, subsection 4, Code 2019, is amended
10 to read as follows:

11 4. An applicant for initial issuance or renewal of a permit
12 to practice as a certified public accounting firm is required
13 to register each office of the firm within this state with the
14 board and to show that all attest and compilation services
15 rendered in this state are under the charge of a person holding
16 a valid certificate issued under [section 542.6](#) or [542.19](#), or
17 by another state if the holder has a practice privilege under
18 section 542.20. However, the requirements of this subsection
19 shall not apply to the office of auditor of state if the
20 auditor of state otherwise complies with the requirements of
21 section 11.31 and this section.

22 Sec. 3. Section 542.7, subsection 10, Code 2019, is amended
23 to read as follows:

24 10. a. Peer review records are privileged and confidential,
25 and are not subject to discovery, subpoena, or other means
26 of legal compulsion. Peer review records are not admissible
27 in evidence in a judicial, administrative, or arbitration
28 proceeding. Unless the subject of a peer review timely objects
29 in writing to the administering entity of the peer review
30 program, the administering entity shall make available to the
31 board within thirty days of the issuance of the peer review
32 acceptance letter the final peer review report or such peer
33 review records as are designated by the peer review program in
34 which the administering entity participates. The subject of a
35 peer review may voluntarily submit the final peer review report

1 directly to the board. Information or documents discoverable
2 from sources other than a peer review team do not become
3 nondiscoverable from such other sources because they are made
4 available to or are in the possession of a peer review team.
5 Information or documents publicly available from the American
6 institute of certified public accountants relating to quality
7 or peer review are not privileged or confidential under this
8 subsection. A person or organization participating in the
9 peer review process shall not testify as to the findings,
10 recommendations, evaluations, or opinions of a peer review team
11 in a judicial, administrative, or arbitration proceeding.
12 b. However, notwithstanding any provision of this subsection
13 to the contrary, peer review records concerning the office of
14 auditor of state shall be considered a public record pursuant
15 to chapter 22.

16 Sec. 4. **NEW SECTION. 542.7A Office of auditor of state.**

17 1. The office of auditor of state shall qualify as a
18 certified public accounting firm subject to the requirements of
19 sections 11.31 and 542.7.

20 2. For purposes of section 542.7, the auditor of state shall
21 be deemed to be the owner of the office of auditor of state and
22 the office of auditor of state shall be deemed to comply with
23 the ownership requirements of section 542.7 if the auditor of
24 state is a certified public accountant or a majority of all
25 divisions of the office of auditor of state performing attest
26 services are headed by a deputy auditor who is a certified
27 public accountant.

28 3. The provisions of sections 542.9, 542.17, and 542.18
29 shall not apply to the office of auditor of state as a
30 certified public accounting firm under this chapter.

31 Sec. 5. **EFFECTIVE DATE.** This Act, being deemed of immediate
32 importance, takes effect upon enactment.

33 Sec. 6. **RETROACTIVE APPLICABILITY.** This Act applies
34 retroactively to January 1, 2019.

35 **EXPLANATION**

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill concerns the office of auditor of state.

4 Code section 11.31, concerning state auditors, is amended
5 to provide that the auditor of state adopt rules establishing
6 divisions and to provide that for each division that is
7 responsible for performing attest services as described in Code
8 section 542.3, the auditor of state shall appoint a certified
9 public accountant to serve as deputy auditor of that division.
10 Code chapter 542, concerning public accountants, is amended.
11 New Code section 542.7A provides that the office of auditor
12 of state shall qualify as a certified public accounting firm
13 subject to the requirements of Code sections 11.31 and 542.7.
14 The bill provides that for purposes of applying for a permit
15 as a certified public accounting firm under Code section
16 542.7, the auditor of state shall be deemed the owner of the
17 office and the office of auditor of state shall be deemed to
18 comply with the ownership requirements of Code section 542.7
19 if the auditor of state is a certified public accountant or a
20 majority of all divisions of the office of auditor of state
21 performing attest services are headed by a deputy director who
22 is a certified public accountant. The bill provides that Code
23 section 542.9, concerning appointment of secretary of state
24 as an agent, and Code sections 542.17 and 542.18, concerning
25 client confidentiality, do not apply to the office of auditor
26 of state if the office of auditor of state is issued a permit as
27 a certified public accounting firm.

28 Code section 542.7, concerning firm permits to practice,
29 is amended. The bill provides that the requirements of an
30 applicant to register each office of the firm within the state
31 with the Iowa accountancy examining board and to show that all
32 attest and compilation services rendered in this state are
33 under the charge of a person holding a valid certificate do
34 not apply to the office of auditor of state. In addition, the
35 bill provides that peer review records concerning the office of

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1 auditor of state shall be considered a public record pursuant
2 to Code chapter 22.

3 The bill takes effect upon enactment and applies
4 retroactively to January 1, 2019.